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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/771,094
Filing Date: February 02, 2004
Appellant(s): GROSS, JOHN N.

John N. Gross
The Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 9/22/10 appealing from the Office action mailed 3/18/10.

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(1) Real Party in Interest

The examiner has no comment on the statement, or lack of statement, identifying by name the real party in interest in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The following is a list of claims that are rejected and pending in the application:

Claims 1-9, and 11-26 have been rejected and remain pending.

(4) Status of Amendments After Final

The examiner has no comment on the appellant's statement of the status of amendments after final rejection contained in the brief.

(5) Summary of Claimed Subject Matter

The examiner has no comment on the summary of claimed subject matter contained in the brief.

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(6) Grounds of Rejection to be Reviewed on Appeal

The examiner has no comment on the appellant's statement of the grounds of rejection to be reviewed on appeal. Every ground of rejection set forth in the Office action from which the appeal is taken (as modified by any advisory actions) is being maintained by the examiner except for the grounds of rejection (if any) listed under the subheading "WITHDRAWN REJECTIONS." New grounds of rejection (if any) are provided under the subheading "NEW GROUNDS OF REJECTION."

(7) Claims Appendix

The examiner has no comment on the copy of the appealed claims contained in the Appendix to the appellant's brief.

(8) Evidence Relied Upon

6,584,450	Hastings et al.	6-2003
6874023	Pennell et al.	3-2005
Acid Rain Program, www.epa.gov, 7 pages		

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(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 11,14-20,24-26, are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

For claims 11, applicant has amended the claim to recite that each “routine” is now embodied in a computer readable medium. The specification as originally filed failed to disclose a computer readable medium at all, so the examiner is bound to interpret this term using the broadest reasonable interpretation for the term “computer readable medium”. While not new matter because a medium of some kind is inherent to the original disclosure, as one of ordinary skill in the art would readily appreciate a computer readable medium includes signals. Signals are not statutory subject matter and merely reciting that the various “routines” are in a computer readable medium has a scope that includes software in a signal format that is readable by a computer. For this reason the subject matter of the claims is not found to fall into any one of the allowable statutory classes of invention and is therefore not considered statutory.

Also for claim 11, applicant has positively recited that the routines are in a readable medium and that are “executing” on a computer system. Claim 11 is attempting to claim an apparatus type of statutory class of invention where method steps are not proper. Applicant is trying to claim both the apparatus (although actual claim scope includes non-statutory subject matter) and a method of its execution in

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claim 11. This is a mixing of distinct statutory classes of invention that renders the claim as non-statutory.

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-4,6-9,11-16,18-26, are rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings et al. (6584450) in view of "Acid Rain" NPL article.

For claims 1,3,4,7,9,11,14-16,19,20, Hastings discloses a system and method for providing content to subscribers (users). Hastings discloses that *a user selection queue* is set up by the subscriber that contains *a list of one or more playable media* items that they desire to rent (e.g. a movie). See column 4, lines 22-34 and lines 54-67 as examples. A set of *queue replenishment rules* is disclosed as being used to determine if the *ordering of queue* should be changed by either adding or removing an item from the user selection queue. The claim scope includes the situation where an item is to be *added or removed* from the user selection queue. For example, when a DVD is returned by a user (a trigger), the system of Hastings checks the queue replenishment rules (Max Out option and/or Max Turns *as specified by the user*) to determine if the ordering of the queue should be changed, such as by removing a movie from the user selection queue by shipping it out to the user. This happens with no further input from

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the user. When a new DVD is shipped, the ordering of the user selection queue is changed because the shipped title is taken out of the queue and is moved to a checked out status in a checked out queue. With respect to *monitoring the queue* to determine if a new item should be added, even though only one of the two situations in part c) is required due to the use of "or", Hastings discloses that there is a recommender system that can recommend movies to the user that can be added to the user selection queue (can be done by "genre" which satisfies *claim 20* as far as a type goes). See column 8, lines 43-65 as an example. The user selection queue is modified as claimed regardless of whether or not an item is removed from the user selection queue or added to the user selection queue.

With respect to the limitation directed to the *moving of a playable media item* out of the user selection queue and placing it in a *titles out list* (a checked out list) when the item is delivered to the customer, this is what happens when a movie is removed from the user selection queue in Hastings and is sent out to the user. In Hastings, the system keeps track of how many movies are out at one time (for the Max Out embodiment) and this constitutes a *list of "checked out" movies*. The Max Out example in Hastings is directed to a cap (limit) on the number of movies that may be checked out at any given time (*N titles one can have at one time*). The number of movies that a user can have at any one given time is capped in the system of Hastings to a certain number. Once the movies are shipped they do not remain in the user selection queue, which is for movies that the user desires. Even the instant specification on page 2 when discussing the prior art system of Netflix (which is the Hastings patent), stated that once

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items are shipped to a subscriber in Netflix, the items then appears in a list that is essentially a titles out queue. This is found in Hastings in the Max Out embodiment. Additionally, when the interpretation in part c) includes an item being added to the user selection queue as opposed to being removed, then part e) of the claim then reads on the act of another movie that is in the user selection queue becoming available and being immediately shipped out to the user. This satisfies part e) of the claim.

Not specifically disclosed is that in response to a request from a user, the capacity of the user selection queue is reduced so as to increase a second capacity of a second user selection queue (another user).

It is noted by the examiner that Hastings does disclose that the cap in the Max Out embodiment (N titles) can be changed and is not strictly held at one particular level. In column 10, line 66 to column 11, line10, it is disclosed that there might be situations where a user desires to increase or decrease the size of their personal movie limit (changing the Max Out limit). Hastings recognizes that the cap for the number of movies one can receive can vary and can be increased or decreased in response to a request from a user.

With respect to the claimed step in f) of *reducing the user selection queue capacity and increasing a second queue capacity*, this appears to read on the well known act of having a cap and trade system in place for a particular item, and/or the act of one user “donating” their unused capacity to another use who desires that unused capacity. Both will be addressed by the examiner.

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With respect to a cap and trade system, it is well known in the art that in situations where something is capped at a certain level, one can implement a cap and trade polity that allows users with unused capacity to allocate their unused capacity to another user. User A can arrange to obtain unused capacity from user B. When that happens, the capacity of user B is reduced and the capacity of User A is increased by a corresponding amount. This type of program is set forth in "*Acid Rain Program*" article, which is a cap and trade system that was put in place by the EPA many years ago. The Acid Rain NPL article discloses that the system has an emissions allowance trading system that allows for allowances to be bought, sold, or banked. A ceiling or cap was implemented and each user had a cap they had to adhere to. See the "Allowance Trading" section of the article on page 3. If a particular user desires more capacity than they are capped at, they can arrange to obtain extra capacity from another user in the cap and trade system. This NPL reference is being cited to show the existence of a cap and trade system that allows users participating in a particular program to trade unused portions of their unused capacity. Unused capacity is effectively an asset to a user that is not being utilized. In Hastings, the number of movies one can have at one time is capped in the Max Out option. Hastings already has the cap portion of a cap and trade system because the number of movies is capped. Hastings also recognizes and discloses that there might be situations where a user desires to increase or decrease the size of their personal movie limit (changing the Max Out limit). Hastings recognizes that the cap for the number of movies one can receive can vary and can be increased or decreased in response to a request from a customer. It would have been obvious to

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one of ordinary skill in the art at the time the invention was made to provide Hastings with a cap and trade system (actually only really providing the trading part) so that users can arrange to allocate any capacity in terms of their Max Out number to another user. It seems to the examiner that this claimed feature is more or less taking a business model of a cap and trade system, which is well known, and applying it to Hastings. This is not considered to involve more than ordinary skill in the art.

Additionally, with respect to a user allocating capacity to another user, this also appears to read on the act of one merely donating capacity to another user. Upon reading the claim amendment the examiner initially thought of the idea of a "leave donation" from one employee to another employee. In that scenario, one employee decides to allocate capacity (vacation time) to another employee. The capacity of the donating employee is reduced and the capacity of the receiving employee is increased. This is a very well known concept that the examiner takes "official notice" of in addition to the position set forth with the cap and trade NPL article. The claim scope seems to read on a donation, something that is very well known. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Hastings with the ability to allow a user to donate unused capacity in their checked out queue, because the act of donating is considered to be obvious. The examiner does not see how allowing donations to occur in Hastings is something that took more than ordinary skill in the art to come up with.

For claim 2, the recommender system and the monitoring of the queue happens without the user having to be connected to the network as claimed. The system of

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Hastings will operate as disclosed regardless of whether or not a user is connected via a network.

For claim 6, it is inherent that the modification will occur after a predetermined time delay, which is the delay involved with the use of networks and hardware. The type of hardware used and the type of network used with result in a predetermined delay, because nothing happens in absolute real time.

For claim 12, the queue in Hastings is maintained at a website as claimed. The software is fully capable of being executed via a separate website. Software can be executed on any computer or server it is placed on.

For claim 13, the user selection queue is maintained in a client system. Structurally that is all that is recited. Who operates it is not a structural feature to the system. Also, when the user interacts to change their queue, they are more or less operating the client system by instructing it to make a change. This satisfies what is claimed.

For claim 8, with respect to trigger event being based on the quantity of items remaining in the queue, this is not disclosed by Hastings. The examiner takes "official notice" that it is well known to notify customers of the fact that an account is getting low and that the account balance needs to be modified. An example would be a financial account where customers can be notified of a low account balance so that the customer can take steps to ensure that the balance is kept at a satisfactory level. Children going to elementary school use meal cards (pre-paid cards) to pay for meals. When the account balance is getting low the school sends out a notification to the parents to

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inform them that the meal card balance is getting low. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide the customer with a notification when it is determined that their queue is empty and that a modification to the queue should occur if they want to receive more DVD items. The fact there are no movies in a subscriber's queue is something that the subscriber would like to know about (one of ordinary skill in the art would recognize this) so that they can modify the queue and receive another movie.

For claim 18, not disclosed is that the queue replenishment rules ensure that there is always at least one item in the subscriber queue. This is in essence ensuring that the customer always has at least one movie in their queue. One of ordinary skill in the art recognizes that good customer service is good for business. The examiner takes "official notice" of the fact that it is well known for music delivery companies to automatically send a selection to a subscriber on a monthly basis, so that they receive something each month. When one enters into a subscription with a mail delivery music service, they agree to purchase a certain number of selections (e.g. music albums), and each month the subscriber can be sent a selection without their input. Columbia House is known to have done this for music titles and Time Life is known to have done this for a book subscription club many years ago, and in reality this has been done for decades. One of ordinary skill in the art would have found it obvious to ensure that there is always at least one movie in their queue so that the customer can always have a movie to view as is known in the art.

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For claims 21,23,24,26, applicant has claimed that the capacity "can be" allocated on a temporary basis or that capacity can be exchanged for access rights to a third media item. Reciting what "can" happen is not the same as reciting what actually is happening in a method claim. Method claims are not examined and given weight based on what might or can happen, they are examined for what actual steps are being positively recited as actually being performed in the method. In this case, there is no further step in reciting that capacity can be allocated on a temporary basis or that capacity can be exchanged for another media item. Applicant is not claiming any further steps in these claims. Additionally, in the prior art combination one can trade capacity. It is entirely possible that one user can trade back capacity from the person they initially received it from. This possibility "can" occur and satisfies claim 21. The user can trade for whatever they want to trade for. Again, no actual step of any exchange or trade is claimed.

For claims 22,25, applicant has recited that the queue control rules have instructions. What the instructions are or what they convey to the user is nothing more than a recitation directed to non-functional descriptive material. Clearly in Hastings, one has to sign up with a rental contract, so instructions on how the system will work and instructions on what you are signing up for are provided to the user. This is inherent in Hastings. Also, the examiner is not clear as to what method step or actual structure is defined by reciting that control rules (an abstract concept only) have instructions. This is not a further step and is not a recitation to any structure to any type of device.

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5. Claims 5,17, is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings et al. (6584450) in view of Pennell et al. (6874023). Hastings discloses the invention substantially as claimed.

For claims 5,17, not disclosed is a notification that will notify the subscriber when the ordering of the queue has been changed by monitoring the queue (for either a sent out movie or for a recommended movie being added to the queue). Pennell discloses a system and method where a customer that has an account with a particular web site can be notified of any changes in their account. Pennell discloses changes such as miles being added to a Frequent Flyers account or trades being made at eSchwab (online trading). Pennell recognizes that it may be too time consuming for the customer to continually log into their account at the respective web site and discloses that the notification system makes this process much easier and more user friendly. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide the subscriber of Hastings with the ability to monitor their queue and receive notifications when changes are made as disclosed by Pennell (identify items that are being shipped and informing them that the order of the queue is changed) so that the customer does not have to continually log into their account to be informed of account changes.

(10) Response to Argument

Applicant's arguments have been considered and are not found to be persuasive to the examiner.

Most of applicant's arguments are based on a number of exhibits in the form of evidence, that in the opinion of the examiner, has never been properly entered into the application record. After the first office action, applicant amended the claims to recite features not previously claimed. The examiner rejected those claims in the Final Rejection of 3/18/10 and prosecution was closed. Applicant stated that the new evidence in the Appeal Brief was in response to the Final rejection and the use of new art to reject the amended claims with newly added limitations. For the first time ever, applicant is arguing and attempting to introduce over 100 pages of documents as evidence that rebuts the examiners rejection. Applicant himself necessitated the new grounds of rejection in the Final rejection, and at that point prosecution was closed. Applicant never tried to enter this evidence previously via and After Final response, and the examiner does not believe that the citation of new prior art in the Final rejection, that was necessitated by applicant's amendment, gives applicant the absolute right to introduce such a large amount of additional evidence in the Appeal Brief. However, in the interest of expediting prosecution, the examiner has made an effort to address the new evidence and those arguments relying upon such evidence.

With respect to the use of this additional evidence, and specifically with respect to the documents that relate to the Acid Rain program, the examiner notes that these documents are not what the examiner relied upon to reject the claims. The examiner

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has relied upon a particular reference that teaches to one of ordinary skill in the art that the Acid Rain program was an "Allowance Trading" system, see page 3 specifically. It is disclosed that utilities are allocated allowances, and that those allowances may be bought, sold, or banked. Page 3 also discloses that anyone may participate in the trading system. Applicant has gone on at length to argue that the Acid Rain program actually did not allow for the transfer of allowances, and that the manner by which they were transferred was an auction. The claim language in question is as follows:

(f) in response to a request of said first user, reducing said first capacity of said first titles out list with said computing system so as to increase a second capacity of a second separate user's second titles out list;

wherein said first user can selectively allocate his/her capacity for receiving playable media items to a second user.

The essence of what is claimed here is the concept of reducing one capacity and increasing a second capacity (for two separate users). Applicant has argued a number of points with respect to the Acid Rain program. Applicant argues that the use of an auction is not the "selective transfer" of shares (allowances). Applicant has argued that even if a person wanted to buy more shares from another person, they have to wait up to a year to participate in the shares auction. Applicant has argued that there is no trading occurring in the Acid Rain program, unless that person outbids others for those shares. Applicant specifically argued that in the Acid Rain program, one cannot "selectively transfer" their shares to another person. Applicant then argues that the EPA actually caps the total emissions such that it will not exceed the limits set under Title 1 of the Act to protect public health. As stated previously, applicant has taken all of

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these arguments from evidence that the examiner did not rely upon, and that was never previously entered into the record.

The main rebuttal the examiner provides is that the claim scope is not commensurate with what has been argued. The claims make no mention of not being able to use an auction system. The claims limitation in question simply recites the broad concept of reducing the capacity of one user, and increasing the capacity of another in an environment where the total capacity is capped at some level. Applicant is not claiming anything that does not allow for the selective transfer of shares to occur by auction. The claims are not reciting anything that relates to how long or when shares are allocated, so the argument concerning having to wait a year to obtain the shares is not commensurate with the scope of the claims and is non-persuasive. Also, as seems to be implied by applicant, if a person outbids others in an auction, they will be able to obtain capacity from another user. Applicant stated "*It is also clear in that Acid Rain program participant A could not simply obtain capacity from participant B even at the end of the year unless they former outbids every other entity looking for that capacity*". That statement seems to be in agreement that in the event a participant outbids others, they will then have "obtained" shares from another person. Also, it may be that there are no other bidders interested in those shares, and that the person bidding is the only one bidding for those shares (a situation that is very well known to happen at auctions). It is not persuasive to argue that Acid Rain does not disclose one person obtaining shares from another. That is exactly what is occurring. With respect to the limitation that the shares of Acid Rain are not "selectively allocated", when an individual

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participates in an auction, they are “selectively allocating” their capacity to another user. That is what happens in an auction. As an owner of allowances that is participating in the Acid Rain program, I can selectively allocate to the auction as many shares as I want to. That reads on the very broad language of the user being able to “selectively allocate” their shares. If the user decides to sell some allowances, they have decided (selected) to sell a certain number at auction, which satisfies what is claimed. Applicant has relied upon newly submitted evidence, argued that evidence like they were the documents that the examiner relied upon to reject the claims, and has presented arguments that are not at all commensurate with the scope of the claims. The arguments are not persuasive. Applicant has argued that in the Acid Rain program there is nothing that teaches the trading of shares. Applicant seems to be ignoring the fact that on page 3 of the cited Acid Rain document used to reject the claims specifically refers to “Allowance Trading”. The document itself refers to and calls the EPA Acid Rain allowance program as an “Allowance trading system”. The argument that there is no trading occurring is not persuasive. Applicant has also argued that if a person is near the cap set forth by Title 1, they may not have their capacity increased due to regulation, so this somehow makes the claims patentable. The examiner disagrees. So what if one person is capped out for the year in Acid Rain? Others are not and when they obtain unused capacity from another user, it reduces the capacity of another. This is another argument that is not commensurate with the scope of the claims. Applicant has argued that in Acid Rain the participant is bound by constraints, so a person’s capacity may not be necessarily increased. Again, the situation is clearly disclosed

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where one capacity is increased and another is reduced. Applicant is arguing another aspect to the Acid Rain program that is not commensurate with the claims.

The examiner would also like to point out that on page 27 of applicant's specification; it discusses the "Subscriber based exchange/bidding system". Applicant specifically discloses an auction based system for the transfer of movies, which reads on what is claimed when applicant uses broad language such as "reducing", "increasing" with respect to the traded capacity. So how can applicant argue that the use of an auction system in Acid Rain cannot satisfy what is claimed? That is in part how applicant said their exchange system worked. This argument also does not seem to be commensurate with what applicant disclosed in the originally filed specification.

Applicant has argued that the Acid Rain program is non-analogous art and is far afield from the claimed invention. Applicant has argued that the examiner must have a teaching of a "cap and trade" system from art directed to "Internet based content providers of playable media." Applicant seems to argue that unless the examiner has a 102 in a reference directed to online media content providers, any rejection is flawed. This argument is not persuasive and is too narrow of a view as to what constitutes analogous art. The manner by which the examiner has viewed this issue is that Hastings already teaches the cap part of a cap and trade system. Cap and trade systems where allowances/shares/credits/ can be traded between participants is very well known. This kind of trading system is what is used in emissions credit trading, CO2 emission trading, fishery management where the take a particular species is regulated. Applicant is simply adopting the idea of having a cap and trade system in place for

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movie rentals, when the user is capped at some level. Well, Hastings already teaches that users are capped at a particular number of movies (such as per month). The reason that people have used cap and trade systems for different fields of use, is because when you have an asset or something of value that is capped at some level, and when you are not using a portion of your allotment of that asset (such as emissions hares, or fishery quota shares, etc.), it is recognized that the unused asset has value. To allow people to trade or sell their unused asset is well known as what happens in a cap and trade system. The examiner is very concerned that this issue will be viewed as simply taking the idea of a cap and trade system and applying that to the Hastings media rental system where the month number of moves one can receive is already disclosed as being capped. In view of KSR, the examiner strongly feels that applicant has basically adopted the concept of a cap and trade system and applied it to Hastings, which already caps the monthly movies for each user. While the idea of a cap and trade system may have been more traditionally used for emissions management or fishery management, anytime you have anything that is capped at some level, it is recognized that there are benefits to allowing the unused asset/allowance/share to be sold or transferred. Applicant did not invent the idea of allowing for the transfer of a capped asset from one individual to another individual, this concept was already known in the art. Applicant, in the opinion of the examiner, has simply adopted this idea from the basic concept of what a cap and trade system is. The examiner does not feel that adding the ability to transfer unused movie rentals in Hastings, where the number of movies is already capped, amounts to anything more than adopting the cap and trade

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concept to Hastings. Unused movie rentals can be considered as a type of asset that has been capped by Hastings, and simply adding the ability to “selectively transfer” unused movie rentals is just adopting the “trade” part of a cap and trade system. Nothing indicated that implementing this kind of system would involve more than ordinary skill in the art. Allowing for the transfer of movies by increasing one capacity and decreasing another capacity allows for the same results to be found in Hastings as when used with other types of assets. The obtained results are predictable and would flow from simply adding the trade part of the cap and trade system to Hastings. Applicant did argue that analogous art must be somehow pertinent to the problem that applicant is faced with. Applicant has stated on page 8 of the Appeal Brief that:

"One main known deficiency of these commercial online systems is that the user may not be using all the capacity that they are allocated. Light users, for example, may be renting only a few movies, and thus have spare capacity that they can share with other users. When this happens, the user's account is effectively underutilized, as they are typically paying a flat subscription fee for the service, and yet they are not optimizing their useage. Nonetheless since each title costs the distributor more \$\$ to ship, the disclosure points out that the commercial operators of such systems in the past had little or no economic incentive to allow users to exploit their total capacity associated with their accounts. The claims of the present application are addressed to this deficiency in the prior art."

The comment from applicant that commercial operators had “little” to no incentive seems to indicate that there may have been some incentive by commercial

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operators to allow users to fully exploit their unused capacity. The problem that applicant has faced is the one of how to utilize unused capacity so as to fully utilize a users allotted capacity. That same problem has already been addressed by what are very well known as "cap and trade" systems. The problem applicant is attempting to solve is the problem that others have already address via a cap and trade system. The concept of allowing a user with unused capacity to "selectively allocate" (very broad language, could be by donation, sale, auction, etc.) their capacity to another, so as to fully exploit and use their allotment of capacity is already known in the areas of a cap and trade system, such as disclosed in the cited Acid Rain program. Because the problem that applicant set forth is the same problem that is solved by a cap and trade system, such as found in Acid Rain, the examiner concluded previously that Acid Rain was analogous art. The argument that Acid Rain is non-analogous and "far afield" from the claimed invention is not persuasive.

With respect to the leave donation aspect to the examiner's rejection, applicant has argued that the examiner has cited some vague and unknown leave donation program with no rationale to support the rejection. The examiner disagrees. A leave donation program is just another example of a situation where there are allotments in the form of leave that are capped at some value. It is extremely well known to somebody of less than ordinary skill in the art, that Federal Employees cannot carry over more than 240 hours of annual leave in any given calender year. If you have more than 240 hours, you are in a "use or lose" status for any hours exceeding the 240 hours. Applicant's statement that there are no leave programs that capped the amount of leave

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a person can carry at one particular time is not correct. Annual leave is another form of an asset that is capped, allotted to individuals, and has value. In leave donation programs, unused capacity of one individual can be donated to another individual. This is commensurate with the scope of the claims that seems to include the donating of the unused capacity. The steps of reducing and increasing capacity do not exclude from their scope the act of donating the capacity. That is why the examiner has made reference to a leave donation program as another teaching of allowing the transfer of a capped and allotted asset from one individual to another.

For claims 6, applicant has argued that the examiner does not have the limitation of modifying the first user selection queue "after a predetermined time delay". Applicant argues that what this means is that the user can select the time delay themselves. That is not what is claimed. All that is claimed is that the modification takes place after a predetermined time delay. The examiner feels that this is broad language that can read on the fact that depending on what type of computer you have, and what kind of hardware you are using, there are time delays associated with computer performing actions. If one uses a faster processor with more RAM, modifications to data can occur faster. It is predetermined that a faster processor will modify data faster than a slower processor. Also, one using a dial up network connection versus a FIOS connection will experience different "predetermined" time delays associated with data transfers, etc.. The limitation of a predetermined time delay does not equate to applicant claiming that this is a user adjusted variable. The time delays are predetermined based on what kind

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of system, hardware, etc.. you are using. That is seen as satisfying the broad limitation of a "predetermined time delay".

For claim 9, applicant has argued that the recommender system of Hastings is not actually a recommender system. Applicant then states what he believes a recommender system must do to be a recommender system. The argument is not persuasive. Hastings recommends movies to subscribers based on the user specifying some criteria by which the recommendations are to be based upon. See column 8, lines 32-65. A user specifies certain criteria on what kinds of movies they want to see, and the system automatically chooses movies for the subscriber. That is a movie recommendation system that satisfies the claim language. The examiner notes that applicant even stated on page 1 that recommender systems are well known in the art, and made a specific example of Netflix. The Hastings patent is essentially the Netflix commercial embodiment. The examiner finds it interesting that applicant states that it is well known that the Netflix system includes a recommender system in the Background of the invention, but when viewing the Hastings reference (the Netflix patent), the disclosure to the system automatically selecting and sending you movies based on movie selection criteria, that is somehow not a recommender system. The argument is not persuasive.

For claim 12, applicant has argued that the limitation regarding the "preference routine" being "operable" via a separate website is not taught and was improperly considered by the examiner. All applicant has claimed is the mere ability for the preference routine to be run on another server or website. Applicant is claiming

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“operable”, which means capable of doing. A computer program and specifically the “preference routine” is fully capable of and can be run via a separate website if one wanted to. The argument is not persuasive. The claim does not specify or require that the routine is actually being run via a separate website, which is what applicant has essentially argued.

For claim 8, applicant has argued that they do not understand the rejection because it is a vague form of official notice. The examiner took official notice, gave examples to applicant that support the assertion from the examiner. Nothing is vague and unclear about the position of the examiner. Also, as far as applicant presenting a timely and proper traversal to the taking of official notice, this is the first time it has really been argued. Actually, upon reviewing the non-final office action of 6/9/09, it is noted that the same official notice was used in the rejection of claim 8. In the response and amendment of 11/9/09 applicant specifically stated that:

These claims should be allowable for at least the same reasons as for claims 1, 11 from which they depend. Given these clear distinctions Applicant is not specifically arguing the separate patentability of these claims, except to note that he traverses any suggestion that Official Notice can be taken concerning any aspect of the limitations of claims 8/18, and at the appropriate time would challenge such argument specifically should it be necessary.

The time to present an argument was in response to the first action, not upon Appeal for the first time ever. Applicant did not even argue the taking of official notice at

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their first opportunity after the official notice issue was first raised by the examiner.

Applicant does not, as a matter of right, have the opportunity to argue it now. Also, to the extent that applicant even responded on the merits in the appeal brief, the specific examples relied upon by the examiner have not been mentioned by applicant. On its face, applicant's untimely traversal of the official notice does not even point out what the supposed errors are in the examiner's taking of official notice, so there is nothing to respond to anyway. Applicant more or less asks for prior art in the appeal brief, which is an issue that could have been raised after the first office action, to argue it now is not timely and not proper. The official notice is a matter of fact for the record as far as the examiner is concerned. Applicant cannot voluntarily withhold valid arguments for patentability and present them for the first time upon Appeal, that seems to directly contradict the meaning and spirit and 37 CFR 1.1111, as well as contradicting the procedures applicant is to follow when traversing the taking of official notice. The argument is not persuasive and is not considered to be a timely or proper traversal to the taking of official notice.

For claim 14, applicant has argued that the rejection is not supportable and the examiner did not address what was claimed. In response to the first action, applicant never argued or made mention to claim 14 and never stated that the examiner was in error in rejecting claim 14. The examiner interpreted applicant's silence regarding claim 14 to be an indication that it was properly rejected and an admission that Hastings disclosed what is claimed, otherwise 37 CFR 1.111 would have required applicant to point out the error in the rejection, which was not done. However, in order to fully

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respond on the merits, the examiner points out that Hastings discloses an item recommendation system, which has previously been addressed by the examiner. For the recommender system to operate it is necessarily using an algorithm (aka software) to "filter" out those types of movies that the user does not want to see. The examiner has no idea what applicant thinks this claim is reciting and why it is not found in Hastings, because applicant has not made any specific argument. All that is claimed is the broad language of "a content filtering algorithm" or a collaborative filtering algorithm. Hastings satisfies what is claimed. The argument is not persuasive.

For claim 18, applicant has again argued his position based on a piece of prior art that is not of record and that has never been considered by the examiner. Applicant is arguing that Columbia House is well known for poor customer service, and that in some areas "the practice is illegal". What practice is being referred to here is not clear. Applicant does not seem to have actually presented any specific argument for the examiner to consider. The official notice was never argued to be in error, now or previously. Applicant has not addressed the issues at hand on the merits so the examiner has nothing to respond to. The issue is the automatic sending of a selection to ensure that the subscriber receives something each month. Applicant did not address this issue at all and did not address the merits of the reliance upon official notice.

For claims 21,23,24,26, applicant is arguing that by claiming what "can happen", the examiner has to give weight to this and address the issue like it is actually happening. In the opinion of the examiner, a recitation directed to what can happen is not the same as reciting that that same thing is actually happening as a method step to

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the claim. Applicant is not reciting that the allocation on a temporary basis is occurring, just that it can occur. This is not linked in any way to the system used in the method and is merely reciting what might or could happen. If applicant is not reciting that it is happening as a method step in the claim, and is not linking this ability to any structure, what is there to give weight to? Process claims are not intended for claiming what might happen in a process, they are for claiming what is actually happening in a process in a positive sense. Applicant wants the examiner to give full weight to this language like it was a method step, which it is not. Because this term is not linked or connected to any structure of a device used in the claims, it does not appear to the examiner that this limitation requires any particular structure to the claimed system either. It is not considered to be a further method step and is not seen as requiring any further structure to the system used in the method.

For claims 22,25, the examiner does not see where there is any argument really for the examiner to consider. Applicant has not addressed or rebutted the issue of the instructions being considered as "non-functional descriptive material". This is just claiming a description of what the instructions provide, but it is noted that there is no recitation to the instructions actually doing anything. What does this recite that is not found in Hastings? The examiner is not clear on what this is and applicant did not seem to point out that distinction.

With respect to the Pennell reference and any alleged argument, there is none for the examiner to consider. What has been argued? The rejection is deemed to be proper.

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Regarding the 101 arguments, applicant is arguing that what is being claimed is a system. Also argued is the fact that the apparatus/device/product claim contains a recitation to software actually "executing" on a computing system. The examiner is viewing this claim as a product claim of some kind (an apparatus or device type of statutory class claim). When viewing the body of the claim, the only alleged structure that has been recited is the plurality of "routines". Applicant seems to be arguing that because the claim recites the first preference routine as "executing" on a computing system, the computing system makes the claim statutory. The examiner has a problem with this interpretation. To give weight to this language means that the claim is attempting to recite both a product and its method of use in one single claim. That would present a problem under 35 USC 112,2nd and/or 35 USC 101 as far as claiming both an apparatus and a method in one claim, which is another issue the examiner has raised. Because this is not a process or method type of claim, applicant cannot argue method steps for the eligibility of what is otherwise a claim directed at nothing more than software routines. It is also noted that the claimed computer readable medium is not excluding signals from the claim scope. This means that the routine that is stored in the medium could be the routine stored in a signal, that which not eligible for patenting under 35 USC 101. Only real world tangible types of structure are eligible for patenting in a product type of claim. The *Ex Parte Goldberg* citation that applicant has relied upon apparently used language such as "that when executed by the processor". That is not the language in the currently pending claim 11, which recites "executing on a computing system". Also, in view of recent PTO guidance on how to handle computer readable

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medium claims, when using the broadest reasonable interpretation as to what a "computer readable medium" is, that has been found to include non-tangible embodiments such as signals. Applicant would need to claim the medium as being "non-transitory" or something to that affect to exclude signals from the claim scope. So the computer medium language reads on a signal, and the examiner has not given weight to the computing system because this is not a method claim. When viewed as a whole, the claim is directed to a plurality of "routines", and the examiner feels that is directed to nothing more than software that is not eligible for patenting under 35 USC 101. As far as the mixing of the statutory class of a product and a method/process, the preamble says the claim is a system. The examiner assumes this to be a product type of claim, especially when viewing language such as routines being stored in a medium (even though the medium includes non-statutory embodiments). How can applicant claim the system, like an apparatus, but also claim that the routines are "executing" on a computing system, which is a verb, that requires the act to actually being occurring? Applicant is arguing that the computing system is present to make the claim statutory under 101, because of the executing language, but then argues that this language is just reciting the ability to execute on a computing system. It cannot be had both ways. The argument is not persuasive.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/Dennis Ruhl/

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